Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the Year Ended 31 December 2018

	3 months ended 31.12.2018 RM'000 (Unaudited)	3 months ended 31.12.2017 RM'000 (Restated)	12 months ended 31.12.2018 RM'000 (Unaudited)	12 months ended 31.12.2017 RM'000 (Restated)
Revenue	1,887,268	1,793,374	7,348,230	7,130,440
Cost of sales	(1,505,139)	(1,509,372)	(5,939,793)	(5,655,236)
Gross profit	382,129	284,002	1,408,437	1,475,204
Other income	3,739	13,924	102,355	166,077
Administrative expenses	(64,597)	(58,415)	(210,530)	(233,930)
Other operating expenses	(30,534)	(528)	(102,601)	(88,802)
Results from operating activities	290,737	238,983	1,197,661	1,318,549
Finance income	54,764	57,119	241,688	213,290
Finance costs	(225,554)	(253,417)	(963,851)	(1,032,551)
Net finance costs	(170,790)	(196,298)	(722,163)	(819,261)
Share of profit/(loss) of equity-accounted associates and a joint venture, net of tax	36,506	(8,805)	83,675	75,218
Profit before tax	156,453	33,880	559,173	574,506
Income tax (expense)/income	(62,406)	10,103	(235,693)	(211,588)
Profit for the period/year	94,047	43,983	323,480	362,918
Other comprehensive (expense)/income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	(2,886)	(10,812)	(2,886)	(10,812)
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	(5,067)	(68,477)	(101,092)	(69,365)
Share of (loss)/profit on hedging reserve of equity-accounted associates	(37,343)	34,991	53,788	76,802
Foreign currency translation differences for foreign operations	26,880	(6,541)	(1,495)	(15,331)
	(15,530)	(40,027)	(48,799)	(7,894)
Other comprehensive expense for the period/year	(18,416)	(50,839)	(51,685)	(18,706)
Total comprehensive income/(expense) for the period/year	75,631	(6,856)	271,795	344,212

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the Year Ended 31 December 2018

	3 months ended 31.12.2018 RM'000 (Unaudited)	3 months ended 31.12.2017 RM'000 (Restated)	12 months ended 31.12.2018 RM'000 (Unaudited)	12 months ended 31.12.2017 RM'000 (Restated)
Profit attributable to :				
Owners of the Company	85,483	29,704	274,433	295,931
Non-controlling interests	8,564	14,279	49,047	66,987
Profit for the period/year	94,047	43,983	323,480	362,918
Total comprehensive income/(expense) attributable to :				
Owners of the Company	67,067	(21,135)	222,748	277,225
Non-controlling interests	8,564	14,279	49,047	66,987
Total comprehensive income/(expense) for the period/year	75,631	(6,856)	271,795	344,212
Earnings per ordinary share (sen)				
Basic/diluted	1.74	0.59	5.64	5.92

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Financial Position
As at 31 December 2018

	As at 31.12.2018 RM'000 (Unaudited)	As at 31.12.2017 RM'000 (Restated)	As at 1.1.2017 RM'000 (Restated)
Non-current assets			
Property, plant and equipment	13,443,183	13,976,303	14,604,469
Intangible assets	3,074,174	3,346,176	3,721,431
Prepaid lease payments	59,094	63,715	68,336
Investments in associates	1,529,720	1,532,908	1,461,458
Other investment	16,248	-	-
Finance lease receivable	2,018,982	2,208,203	2,264,999
Derivative financial assets	412,576	417,283	670,796
Trade and other receivables	71,144	81,540	91,902
Deferred tax assets	142,902	139,487	69,568
Total non-current assets	20,768,023	21,765,615	22,952,959
Current assets			
Trade and other receivables	2,213,285	2,118,834	2,046,557
Inventories	760,804	858,774	662,273
Current tax assets	127,768	139,275	176,592
Finance lease receivable	14,103	-	-
Other investments	3,582,478	2,641,829	1,403,801
Cash and cash equivalents	1,515,147	2,355,529	3,006,802
Total current assets	8,213,585	8,114,241	7,296,025
Total assets	**28,981,608**	**29,879,856**	**30,248,984**
Equity			
Share capital	5,693,055	5,693,055	500,000
Share premium	-	-	5,192,215
Treasury shares	(97,606)	(1,641)	-
Reserves	131,744	180,543	189,277
(Accumulated losses)/Retained profits	(82,425)	(19,007)	19,668
Equity attributable to owners of the Company	5,644,768	5,852,950	5,901,160
Perpetual sukuk	800,000	800,000	-
Non-controlling interests	219,686	225,570	215,583
Total equity	6,664,454	6,878,520	6,116,743
Non-current liabilities			
Loans and borrowings	13,315,158	14,180,158	15,626,429
Employee benefits	128,264	115,773	94,828
Provision for decommissioning cost	96,214	91,831	85,625
Deferred income	3,858,668	3,553,403	3,230,403
Derivative financial liabilities	179,539	112,048	153,681
Deferred tax liabilities	1,350,244	1,567,578	1,776,677
Total non-current liabilities	18,928,087	19,620,791	20,967,643

Condensed Consolidated Statements of Financial Position
As at 31 December 2018

	As at 31.12.2018 RM'000 (Unaudited)	As at 31.12.2017 RM'000 (Restated)	As at 1.1.2017 RM'000 (Restated)
Current liabilities			
Trade and other payables	1,343,938	1,512,301	1,002,243
Current tax liabilities	75,170	135,342	117,378
Loans and borrowings	1,885,274	1,650,823	1,910,419
Derivative financial liabilities	26,271	23,665	31,411
Deferred income	58,414	58,414	103,147
Total current liabilities	3,389,067	3,380,545	3,164,598
Total liabilities	22,317,154	23,001,336	24,132,241
Total equity and liabilities	**28,981,608**	**29,879,856**	**30,248,984**
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.15	1.17	1.18

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2018

	/------ Attributable to owners of the Company ------/								
	/------ Non distributable ------/				Distributable				
			Reserves						
	Share Capital RM'000	Treasury Shares RM'000	Translation RM'000	Hedging RM'000	Accumulated losses RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 January 2018, restated	5,693,055	(1,641)	5,145	175,398	(19,007)	5,852,950	800,000	225,570	6,878,520
Effect of MFRS 9 adoption	-	-	-	-	(1,457)	(1,457)	-	-	(1,457)
At 1 January 2018, restated	5,693,055	(1,641)	5,145	175,398	(20,464)	5,851,493	800,000	225,570	6,877,063
Remeasurement of defined benefit liability	-	-	-	-	(2,886)	(2,886)	-	-	(2,886)
Foreign currency translation differences for foreign operations	-	-	(1,495)	-	-	(1,495)	-	-	(1,495)
Cash flow hedge	-	-	-	(101,092)	-	(101,092)	-	-	(101,092)
Share of profit on hedging reserves of equity-accounted associates	-	-	-	53,788	-	53,788	-	-	53,788
Other comprehensive expense for the year	-	-	(1,495)	(47,304)	(2,886)	(51,685)	-	-	(51,685)
Profit for the year	-	-	-	-	274,433	274,433	-	49,047	323,480
Comprehensive (expense)/income for the year	-	-	(1,495)	(47,304)	271,547	222,748	-	49,047	271,795
Distribution to perpetual sukuk holders	-	-	-	-	(47,588)	(47,588)	-	-	(47,588)
Incorporation of a subsidiary	-	-	-	-	-	-	-	69	69
Dividends to owners of the Company	-	-	-	-	(285,920)	(285,920)	-	-	(285,920)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(55,000)	(55,000)
Total distribution to owners	-	-	-	-	(285,920)	(285,920)	-	(55,000)	(340,920)
Purchase of treasury shares	-	(95,965)	-	-	-	(95,965)	-	-	(95,965)
At 31 December 2018	5,693,055	(97,606)	3,650	128,094	(82,425)	5,644,768	800,000	219,686	6,664,454

Condensed Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2018

	/--- Attributable to owners of the Company --- /										
	/--- Non distributable ---/						Distributable				
				Reserves							
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Redemption RM'000	Translation RM'000	Hedging RM'000	Retained Profits/ (Accumulated losses) RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 January 2017, as previously stated	500,000	5,192,215	-	840	20,476	89,846	112,335	5,915,712	-	215,583	6,131,295
Prior year adjustments	-	-	-	-	-	78,115	(92,667)	(14,552)	-	-	(14,552)
At 1 January 2017, restated	500,000	5,192,215	-	840	20,476	167,961	19,668	5,901,160	-	215,583	6,116,743
Remeasurement of defined benefit liability	-	-	-	-	-	-	(10,812)	(10,812)	-	-	(10,812)
Foreign currency translation differences for foreign operations	-	-	-	-	(15,331)	-	-	(15,331)	-	-	(15,331)
Cash flow hedge	-	-	-	-	-	(69,365)	-	(69,365)	-	-	(69,365)
Share of profit on hedging reserves of equity-accounted associates, restated	-	-	-	-	-	76,802	-	76,802	-	-	76,802
Other comprehensive (expense)/income for the year, restated	-	-	-	-	(15,331)	7,437	(10,812)	(18,706)	-	-	(18,706)
Profit for the year, restated	-	-	-	-	-	-	295,931	295,931	-	66,987	362,918
Comprehensive (expense)/income for the year, restated	-	-	-	-	(15,331)	7,437	285,119	277,225	-	66,987	344,212
Issuance of perpetual sukuk	-	-	-	-	-	-	-	-	800,000	-	800,000
Distribution to perpetual sukuk holders	-	-	-	-	-	-	(23,794)	(23,794)	-	-	(23,794)
Dividends to owners of the Company	-	-	-	-	-	-	(300,000)	(300,000)	-	-	(300,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(57,000)	(57,000)
Total distribution to owners	-	-	-	-	-	-	(300,000)	(300,000)	-	(57,000)	(357,000)
Purchase of treasury shares	-	-	(1,641)	-	-	-	-	(1,641)	-	-	(1,641)
Transition to no-par value regime	5,193,055	(5,192,215)	-	(840)	-	-	-	-	-	-	-
At 31 December 2017, restated	5,693,055	-	(1,641)	-	5,145	175,398	(19,007)	5,852,950	800,000	225,570	6,878,520

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Cash Flows
For the Year Ended 31 December 2018

	12 months ended 31.12.2018 RM'000 (Unaudited)	12 months ended 31.12.2017 RM'000 (Restated)
Cash flows from operating activities		
Profit before tax	559,173	574,506
Adjustments for :		
Non cash-items	1,135,483	1,314,924
Finance costs	963,851	1,032,551
Finance income	(241,688)	(213,290)
Share of profit of equity-accounted associates and a joint venture, net of tax	(83,675)	(75,218)
Operating profit before changes in working capital	2,333,144	2,633,473
Changes in working capital:		
Net change in current assets	221,703	88,144
Net change in current liabilities	(391,450)	149,360
Net change in non-current liabilities	309,648	284,473
Cash generated from operations	2,473,045	3,155,450
Income taxes paid	(459,927)	(435,115)
Net cash generated from operating activities	2,013,118	2,720,335
Cash flows from investing activities		
Purchase of property, plant and equipment	(351,866)	(304,509)
Dividend received from associates	28,603	21,535
Changes in other investments	(956,897)	(1,238,028)
Interest received	178,939	171,010
Increase in investment in associates	(3,914)	-
Proceeds from redemption on unsecured loan stocks	21,600	6,400
Proceeds from disposal of associates	113,478	-
Proceeds from disposal of property, plant and equipment	87	-
Redemption of unsecured loan stocks	(55,500)	(7,000)
Net cash used in investing activities	(1,025,470)	(1,350,592)
Cash flows from financing activities		
Distribution to perpetual sukuk holder	(47,588)	(23,794)
Dividends paid to the owners of the Company	(285,920)	(300,000)
Dividends paid to non-controlling interests	(55,000)	(57,000)
Interest paid	(837,807)	(905,485)
Proceeds from issuance of perpetual sukuk	-	800,000
Proceeds from issuance of shares to non-controlling interests	69	-
Proceeds from borrowings	1,456,714	346,160
Repayment of borrowings	(2,001,873)	(1,883,256)
Redemption of preference shares	39,340	4,000
Purchase of treasury shares	(95,965)	(1,641)
Net cash used in financing activities	(1,828,030)	(2,021,016)

Condensed Consolidated Statements of Cash Flows
For the Year Ended 31 December 2018

	12 months ended 31.12.2018 RM'000 (Unaudited)	12 months ended 31.12.2017 RM'000 (Restated)
Net decrease in cash and cash equivalents	(840,382)	(651,273)
Cash and cash equivalents at beginning of the period/year	2,355,529	3,006,802
Cash and cash equivalents at end of the period/year	**1,515,147**	**2,355,529**
Cash and cash equivalents comprise :		
Cash and bank balances	279,128	537,223
Deposits with licensed banks and other licensed corporations	1,236,019	1,818,306
	1,515,147	**2,355,529**

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial statements

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

The audited financial statements of the Group for the financial year ended 31 December 2017 were prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The significant accounting policies adopted in these interim financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 31 December 2017, except the Group adopted the following MFRSs, Interpretations and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2018 as follows:

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

The adoption of the above did not have any material impact on the financial statements of the Group, except as mentioned below:

MFRS 9, *Financial Instruments*

MFRS 9 introduces new requirements for classification and measurements of financial instrument, impairment assessment based on the expected credit loss model and hedge accounting, effective for annual periods beginning on or after 1 January 2018. The Group has applied MFRS 9 retrospectively on the initial application date of 1 January 2018 and has elected not to restate comparatives.

The adoption of MFRS 9 did not have any significant effect on the interim financial report upon their initial application, except for the effect of applying the impairment assessment based on the expected credit loss model on trade receivables.

The impact on the Group's statement of financial position as at 1 January 2018 are as follows:

	As previously restated RM'000	Effects of MFRS 9 adoption RM'000	As restated RM'000
Current assets			
Trade and other receivables	2,118,834	(1,918)	2,116,916
Non-current liabilities			
Deferred tax liabilities	(1,567,578)	461	(1,567,117)
Equity			
Accumulated losses	19,007	1,457	20,464

2. Comparative figures

a) Prior year adjustments

Shuaibah Water and Electricity Company Limited ("SWEC") and Shuaibah Expansion Project Company Limited ("SEPCO"), a 12% and 11.9% owned indirect associates of the Company respectively, had reassessed their application of certain accounting policies and concluded that there had been under-recognition of deferred tax liabilities and depreciation of property, plant and equipment in the previous years. As such, both SWEC and SEPCO have restated their property, plant and equipment, deferred tax assets/liabilities and retained earnings balances in prior years, retrospectively.

In relation thereto, the Company has restated the share of results of associates, investments in associates, retained earnings and reserve balances in prior years.

b) Reclassification

During the current quarter, the Group has reclassified certain operating expenses from other operating expenses to costs of sales to reflect the nature of the costs and to conform to the current financial year presentation. There is no impact on the profit or loss or retained earnings from this reclassification.

These are applied retrospectively and the effects are as follows:

i. Statement of profit or loss and other comprehensive income for the financial year ended 31 December 2017

	As restated RM'000	As previously stated RM'000
Costs of sales	(5,655,236)	(5,587,874)
Other operating expenses	(88,802)	(156,164)
Share of profit of equity-accounted associates	75,218	89,238
Profit before tax	574,506	588,526
Profit for the year	362,918	376,938
Profit attributable to owners of the Company	295,931	309,951
Share of profit on hedging reserve of equity-accounted associates	76,802	86,371
Total comprehensive income attributable to owners of the Company	277,225	300,814

ii. Statement of financial position as at 31 December 2017

	As restated RM'000	As previously stated RM'000
Investments in associates	1,532,908	1,571,049
Reserves	(180,543)	(111,997)
Accumulated losses/(Retained profits)	19,007	(87,680)

iii. Statement of financial position as at 1 January 2017

	As restated RM'000	As previously stated RM'000
Investments in associates	1,461,458	1,476,010
Reserves	(189,277)	(111,162)
Retained profits	(19,668)	(112,335)

3. Audit qualification

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

4. Seasonal or cyclical factors

The Group's operations have not been affected by seasonal or cyclical factors.

5. Unusual items

There was no unusual item affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review because of its nature, size and incidence.

6. Changes in estimates

There was no material change in financial estimates that could materially affect the current interim results.

7. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter except for the following:

During the current quarter, the Company had repurchased a total of 23,480,400 ordinary shares from the open market for a total consideration of RM19,376,950 at an average cost of RM0.83 per share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016. As at 31 December 2018, the total number of treasury shares held is 2.24% of the total paid up share capital of the Company.

8. Dividends paid

Since the end of previous financial year, the Company paid:

i. A final single-tier dividend of 3.7 sen per ordinary share amounting to RM182,695,000 in respect of the financial year ended 31 December 2017 on 1 June 2018.

ii. An interim single-tier dividend of 2.1 sen per ordinary share amounting to RM103,225,000 in respect of the financial year ended 31 December 2018 on 11 October 2018.

9. Segment reporting

The Group's segmental reporting for the financial year ended 31 December 2018 is as follows:

	Local RM'000	**Foreign RM'000**	**Elimination RM'000**	**Total RM'000**
Revenue from external customers	7,181,201	167,029	-	7,348,230
Inter-segment revenue	1,480,116	108,480	(1,588,596)	-
Total segment revenue	8,661,317	275,509	(1,588,596)	7,348,230
Profit after tax	554,088	134,982	(365,590)	323,480

The Group's segmental reporting for the corresponding financial year ended 31 December 2017 is as follows:

	Local RM'000	Foreign RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	6,937,934	192,506	-	7,130,440
Inter-segment revenue	1,463,847	79,253	(1,543,100)	-
Total segment revenue	8,401,781	271,759	(1,543,100)	7,130,440
Profit after tax, restated	451,198	101,451	(189,731)	362,918

10. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 31 December 2018 except for the amounts carried forward pertaining to certain Group properties that had been revalued in the past.

11. Significant event

On 18 November 2018, a joint venture of the Group, Almiyah Attilemcania SPA ("AAS") and its holding company, Tlemcen Desalination Investment Company SAS ("TDIC"), an indirect subsidiary of Malakoff International Limited which in turn is a wholly-owned subsidiary of the Group, had received a notice of termination dated 12 November 2018 ("Notice of Termination") issued by Sonatrach SpA and L'Algerienne Des Eaux (collectively referred to as "Offtakers"), giving eight (8) days' prior written notice from the date of receipt of the Notice of Termination, for the termination of the Water Purchase Agreement dated 9 December 2007 ("WPA") for the Souk Tleta sea water desalination plant in ("Plant") the District of Tlemchen, Algeria based on the alleged breach of WPA due to failure of AAS and TDIC to honour the remediation commitments for the Plant that were notified by the Offtakers. Upon the legal advice given by the solicitors, TDIC and AAS had on 23 November 2018 and 27 November 2018 issued their respective Notices of Dispute to the Offtakers in accordance with the provisions of the WPA, contesting the existence of the events of default and the validity of the termination.

Subsequent to the above, on 30 November 2018, TDIC had received a Notice of Transfer of Shares dated 29 November 2018 ("Notice of Transfer") issued by Algerian Energy Company SPA ("AEC"), to the Offtakers and TDIC, notifying its decision to transfer TDIC's shares in AAS to AEC and its intention to carry out a Technical Appraisal of the Plant. AEC is the 49% shareholder of AAS, a joint stock company incorporated in Algeria for the design, installation and operation of the Plant, whilst TDIC holds the remaining 51% of AAS. TDIC had on 10 December 2018 responded to AEC, objecting to the transfer of shares and technical appraisal of the Plant.

The Group's carrying amount of investment in AAS had been fully provided for in year 2016. The purported termination of the WPA is not expected to have any material impact on the financial results, net assets and gearing of the Group for financial year ended 31 December 2018.

12. Changes in composition of the Group

i) Investment in a subsidiary

On 28 November 2018, Tuah Utama Sdn. Bhd. (“TUSB”), a wholly-owned subsidiary of the Company together with Concord Alliance Sdn. Bhd. (“Concord”) had jointly incorporated a private company limited by shares under the Companies Act 2016 known as Green Biogas Sdn. Bhd. (“GBSB”). GBSB was incorporated as the special purpose company to carry out the business of developing, operating and maintaining biogas power plant. The share capital of GBSB is RM50,000 comprising 50,000 ordinary shares which have been issued and fully paid-up. TUSB and Concord hold 60% and 40% equity interests in GBSB, respectively.

13. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2017 except for the following bank guarantees issued to third parties:

	31.12.2018 RM’mil	**31.12.2017** RM’mil
Company and subsidiaries	423.5	641.2

These guarantees mainly consist of performance bonds and security deposits for projects.

14. Provision for financial assistance

In accordance with paragraph 8.23(1)(ii) and Practice Note 11 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements on the provision of financial assistance, Tanjung Bin Power Sdn. Bhd. (“TBP”), a subsidiary of the Company, has during the current quarter under review, made additional advance payments on behalf of an EPC contractor amounting to RM3.8 million in respect of the upgrading works on conveyor belt system (“the Project”) which was critical for the operation of the power plant. As at 31 December 2018, the Project has been fully completed and the cumulative advance payments made by TBP amounted to RM38.4 million.

The financial assistance did not have any material effect on the earnings and net assets of the subsidiary and the Group.

15. Capital commitments

Capital commitments of the Group not provided for in the interim financial report are as follows:

	31.12.2018 RM'mil	**31.12.2017** RM'mil
Property, plant and equipment:		
Authorised and contracted for	83.6	243.6
Authorised but not contracted for	245.9	130.9
	329.5	374.5

16. Related party transactions

	31.12.2018 RM'mil	**31.12.2017** RM'mil
Associated company:		
Interest income on unsecured subordinated loan notes	40.3	42.3

Additional information required by the Bursa Securities Listing Requirements

17. Review of performance

Quarter 4, 2018 vs Quarter 4, 2017

For the quarter ended 31 December 2018, the Group recorded RM1,887.3 million in revenue, a 5.2% increase from RM1,793.4 million reported in the corresponding quarter ended 31 December 2017, primarily due to higher energy payment recorded from Tanjung Bin Power Sdn. Bhd. ("TBP") and Tanjung Bin Energy Sdn. Bhd. ("TBE") coal plants on the back of higher applicable coal price.

Correspondingly, the Group recorded significantly higher profit before taxation of RM156.5 million compared with RM33.9 million reported in corresponding quarter ended 31 December 2017, primarily attributed to improved contribution from TBE coal plant given the shorter plant outage duration, lower depreciation of C-inspection costs following revision in the useful lives of C-inspection for gas plants, lower operation and maintenance costs, lower net finance costs coupled with higher contributions from associates investments.

Year-to-date, 2018 vs Year-to-date, 2017

For the financial year ended 31 December 2018, the Group recorded RM7,348.2 million in revenue, a slight increase of 3.1% compared with RM7,130.4 million reported in the preceding year, primarily due to higher energy payment recorded from TBP and TBE coal plants on the back of higher applicable coal price as well as from SEV given the increase in natural gas tariff under the extended PPA. However, these were partially offset by SEV's lower capacity payment following reduction in tariff under the extended PPA.

Conversely, the Group recorded profit before taxation of RM559.2 million, a 2.7% decrease from RM574.5 million reported in the preceding year, primarily attributed to lower capacity payment recorded by SEV given the reduction in tariff under the extended PPA, and absence of TBP's compensation payment received from settlement of dispute with IHI over TBP's boiler failure recorded in the preceding year. However, these were partially moderated by the absence of SEV's amortisation of intangible assets, lower depreciation of C-inspection costs following revision in the useful lives of C-inspection for gas plants, lower operation and maintenance costs, lower net finance costs coupled with gain from the disposal of investment in Lekir Bulk Terminal Sdn. Bhd. ("LBTSB").

18. Variation of results against immediate preceding quarter

Quarter 4, 2018 vs Quarter 3, 2018

The Group recorded lower profit before taxation of RM156.5 million in the current quarter compared with RM165.4 million in the immediate preceding quarter, primarily attributed to higher depreciation charges and absence of gain from the disposal of investment in LBTSB. However, these were partially moderated by higher contributions from associates investments as well as lower operation and maintenance costs.

19. Current prospects

The outlook for Malaysia's power sector in 2019 is expected to be stable, supported by regulatory reforms as the nation gradually transitions towards a low-carbon economy. Power demand growth is forecasted to sustain at 2% to 2.5% while the renewable energy development is expected to ease pressure on power generation costs.

The Group continues to focus on improving the reliability and efficiency of its assets, especially its Tanjung Bin Energy power plant. The plant is scheduled for maintenance and rectification works in the first and second quarter of this year to address and resolve its operational challenges, to be undertaken by the original equipment manufacturer. This underscores the Group's commitment to continuously improve the reliability and efficiency of its assets.

In line with the Government's greater push for Renewable Energy, Malakoff is currently exploring opportunities in the renewable energy sector particularly on hydro, biogas and waste-to-energy. The Group will also be participating in the Government's open tender for the third round of the 500MW Large Scale Solar (LSS3) projects, which was announced recently.

The Group will continue to intensify its efforts to improve competitiveness through cost management and operational excellence to enhance its resilience and sustainability.

Based on the foregoing, the Group expects performance to remain satisfactory for the financial year ending 31 December 2019.

20. Profit before tax

Profit before tax is stated after (crediting)/charging the following items:

	3 months ended 31.12.2018 RM'mil	3 months ended 31.12.2017 RM'mil	Cumulative 12 months ended 31.12.2018 RM'mil	Cumulative 12 months ended 31.12.2017 RM'mil
Finance income	(54.8)	(57.1)	(241.7)	(213.3)
Finance cost	225.6	253.4	963.9	1,032.6
Depreciation	221.7	235.3	851.5	927.2
Amortisation of intangibles assets	70.6	70.6	282.5	385.8
Property, plant and equipment written off	22.1	5.2	25.8	5.5
Net foreign exchange (gain)/loss	(0.9)	7.1	(4.8)	9.4

21. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter.

22. Tax expense

	3 months ended 31.12.2018 RM'mil	3 months ended 31.12.2017 RM'mil	Cumulative 12 months ended 31.12.2018 RM'mil	Cumulative 12 months ended 31.12.2017 RM'mil
Current tax expense	99.0	59.0	425.1	482.3
Deferred tax expense	(36.6)	(69.1)	(189.4)	(270.7)
Total tax expense	62.4	(10.1)	235.7	211.6

The Group's effective tax rates for the current period and financial year were higher than the statutory income tax rate mainly due to certain expenses not deductible for tax purposes.

23. Status of corporate proposals announced

i) Memorandum of Understanding ("MOU") with Touch Meccanica Sdn. Bhd. ("TMSB")

During the current quarter, the Company and TMSB ("the Parties") have conducted power system study for the proposed mini hydro projects and obtained the necessary approval from Tenaga Nasional Berhad. In addition, the Parties are currently initiating full feasibility study at one of the proposed mini hydro project sites which is expected to take about 6 months to complete. Subject to the outcome of the feasibility study, the Parties will then submit Feed in Tariff application to Sustainable Energy Development Authority (SEDA).

ii) Proposed acquisition of 97.37% equity interest in Alam Flora Sdn. Bhd. ("Alam Flora") by Tunas Pancar Sdn. Bhd. ("TPSB")

On 1 August 2018, TPSB, a wholly-owned subsidiary of the Company entered into a conditional share sale agreement with HICOM Holdings Berhad ("HICOM Holdings" or "Vendor"), a wholly-owned subsidiary of DRB-HICOM Berhad for the acquisition of 74,000,000 ordinary shares in Alam Flora, representing 97.37% of its equity interest for a total cash consideration of RM944,610,000 ("Proposed Acquisition" or "SSA").

The Purchase Consideration for the Proposed Acquisition shall be satisfied in cash whereby TPSB:

(a) upon execution of the SSA, TPSB paid a sum of RM18,892,200 equivalent to 2% of the Purchase Consideration, being the deposit and part payment of the Purchase Consideration, to the Vendor's solicitors as stakeholders; and

(b) the balance of the Purchase Consideration of RM925,717,800 shall be paid by TPSB to the Vendor on completion of the Proposed Acquisition.

The Proposed Acquisition had been approved by the shareholders of the Company during Extraordinary General Meeting held on 2 October 2018.

On 31 January 2019, TPSB and HICOM Holdings, being parties to the SSA entered into in relation to the Proposed Acquisition, have mutually agreed to extend the Cut-Off Date (as defined therein in the SSA) for a further period of six (6) months until 31 July 2019 in order to fulfil the conditions precedent of the SSA.

24. Borrowings

	31.12.2018	**31.12.2017**
	RM'mil	RM'mil
Current		
- Secured	1,885.3	1,650.8
Non-current		
- Secured	13,285.1	14,094.6
- Unsecured	30.0	85.6
	13,315.1	14,180.2
	15,200.4	15,831.0

The breakdown of Group borrowings by currency is as follows:

	31.12.2018	**31.12.2017**
	RM'mil	RM'mil
Functional currency		
- RM	13,059.0	13,505.2
- AUD	1,827.1	2,002.0
- USD	314.3	323.8
	15,200.4	15,831.0

25. Changes in material litigation

Proceedings by the Public Prosecutor of Algeria against Almiyah Attilemcania SpA ("AAS")

On 4 September 2014, a joint venture of the Group, AAS, was charged in the Court of Ghazouet in the district of Tlemcen, Algeria, for an alleged breach of foreign exchange regulations concerning a sum of USD26.9 million. The Group holds an indirect effective interest of 35.7% in AAS via Tlemcen Desalination Investment Company SAS ("TDIC"), an indirect subsidiary of Malakoff International Limited.

In 2009, it was discovered that there was a considerable gap between the value of the delivered equipment received as per the invoices declared to the customs and the value of the milestone payments made by AAS to the supplier cum contractor ("Invoice Gap"). AAS wrote to the supplier cum contractor requesting for clarification as they are responsible to resolve tax and customs issues. The Invoice Gap however was not resolved by the supplier cum contractor and the Algerian Customs then initiated investigations and thereafter a charge was filed against AAS in respect of repression of foreign exchange regulations.

The Court had on 24 December 2014 convicted AAS and had subsequently imposed a penalty of DZD3,929,038,151 (approximately RM148.3 million at the exchange rate of RM1: DZD26.5) ("Penalty"). The Group's liability arising from the Penalty, in proportion to the Group's 35.7% effective interest in AAS via TDIC, which may impact the profit of the Group, amounts to DZD1,402,666,620 (approximately RM52.9 million). The Court of Appeal upheld the decision and the Penalty imposed by the Court on 2 March 2016.

Notwithstanding the decision of the Court, AAS has been advised by its solicitor, Maitre Hadjer Becha, an attorney admitted to the Algerian Supreme Court, that the Penalty would not be enforced until the exhaustion of all rights to appeal by AAS in respect of the proceedings.

AAS' solicitors had filed an appeal at the Supreme Court on 17 June 2016 and subsequently submitted the grounds of appeal on 9 August 2016. The Supreme Court has yet to deliver any decision on the appeal.

In 2016, the Group's carrying amount of investment in AAS has been fully provided in respect of the foregoing. Notwithstanding this, AAS will continue with the appeal until the exhaustion of all rights.

26. Dividend Payable

The Board of Directors has recommended the payment of a final single-tier dividend of 3.5 sen per ordinary share in respect of the financial year ended 31 December 2018, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

For the corresponding quarter ended 31 December 2017, a final single-tier dividend of 3.7 sen per ordinary share amounting to RM182,695,000 in respect of the financial year ended 31 December 2017 was declared on 21 February 2018 and paid on 1 June 2018.

27. Earnings per ordinary share

	3 months ended 31.12.2018	3 months ended 31.12.2017 Restated	Cumulative 12 months ended 31.12.2018	Cumulative 12 months ended 31.12.2017 Restated
Basic/Diluted Earnings per Ordinary Share				
Profit for the period attributable to owners of the Company (RM'mil)	85.5	29.7	274.4	295.9
Weighted average number of ordinary shares ('mil)	4,919.3	4,999.9	4,865.1	4,999.9
Basic/diluted earnings per ordinary share (sen)	1.74	0.59	5.64	5.92

28. Authorisation for issue

The interim financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 22 February 2019.

By Order of the Board
Yeoh Soo Mei (MAICSA No.7032259)
Sharifah Ashtura Jamalullail binti Syed Osman (LS 0009113)
Secretaries
Kuala Lumpur
22 February 2019